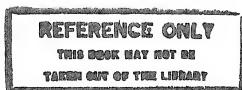


The Government's Proposals for British Coal Pensions after Privatisation



CONTENTS

	Page
Introduction	1
Current pension arrangements within British Coal	2
Future coal pension arrangements	5
Objectives	5
Pension arrangements in other privatisations	5
Structure of the privatised coal industry	5
Membership profiles of existing schemes	5
Proposals for pensioners and deferred pensioners	6
Proposals for employees	6
Trustee structure	9
Division of assets	9
Transfer values	9
Use of annuities	9
Legislation	9
Scheme rules and provisions	9
Asset security	10
Pension Law Review Committee	10
Summary	11
Appendix	12

THE GOVERNMENT'S PROPOSALS FOR BRITISH COAL PENSIONS AFTER PRIVATISATION

Introduction

1. The Government announced in the White Paper "The Prospects for Coal" its intention to privatise the coal industry as soon as possible, to give it the freedom and flexibility it will need to compete in the future. While the structure of the privatised industry remains to be decided, it is clear that privatisation will require major revisions to coal industry pension arrangements.
2. The Government recognises the importance to past and present employees of British Coal, and their dependants, of their present pension arrangements. The Government is therefore committed to protecting pension entitlements from British Coal pension schemes. In addition the Government recognises that the new pension arrangements will need to take proper account of the particular characteristics of these schemes. The Government also accepts that it needs to ensure that pension arrangements after privatisation of the coal industry accord with good pensions practice and do not impede mobility of labour or restrict competitiveness.
3. This paper sets out the Government's proposals as to how these aims can be achieved for the Mineworkers' Pension Scheme ("MPS") and the Staff Superannuation Scheme ("SSS"), the two main British Coal pension schemes. The Government will bring forward separate proposals for ancillary schemes and arrangements, which are listed in an appendix to this paper.
4. In formulating the proposals set out here, a wide range of options has been considered. Representations have already been received from the trustees of the two main pension schemes (who comprise equal numbers of British Coal and trade union nominees).
5. It is intended that this paper should provide a basis for public consultation on the Government's proposals and for further discussions with the trustees and other interested parties. Written comments and submissions may be sent to the Department of Trade and Industry by 31 October 1993 (see paragraph 38 below).

CURRENT PENSION ARRANGEMENTS WITHIN BRITISH COAL

Existing Schemes

6. There are two main British Coal pension schemes: the MPS for industrial employees below the supervisory grades, and the SSS for supervisory industrial employees and technical, administrative and managerial staff. The SSS was established in 1947; the MPS was established in 1952, but in its present form as an earnings-related scheme only dates from 1975. These schemes continue to be open to new members.
7. Due to contraction of the coal industry, the employees contributing to these schemes are now greatly outnumbered by pensioners and deferred pensioners (that is, former contributing employees who will be entitled to draw pensions from the schemes after retirement). Membership of the two main schemes at the end of June 1993 was as shown in the following table:

	Contributing employees	Pensioners		Total
		Current	Deferred	
(a) Number of members:				
MPS	17,684	257,230	203,210	478,124
SSS	11,345	75,134	12,507	98,986
Total	29,029	332,364	215,717	577,110
(b) Percentage of total number of members				
MPS	4%	54%	42%	100%
SSS	11%	76%	13%	100%

Source: British Coal

8. The two main schemes' assets have a combined estimated market value of approximately £13.5 billion, based on the MPS's report and accounts for the year ended 30 September 1992 and the SSS's report and accounts for the year ended 5 April 1993. The pensions and other benefits paid by the two schemes for the respective periods covered by these accounts totalled £684 million. The levels of pensions in payment differ considerably as between the two schemes: as at 30 April 1993, the average weekly pension was £94 for the SSS and £23 for the MPS.
9. British Coal is by far the largest employer participating in the two schemes. Certain other coal industry employers also participate in the two schemes, including some private operators of mines licensed by British Coal, and coal industry trade unions.
10. At the end of June 1993, the great majority of eligible British Coal employees (over 90 per cent) were members of one or other of the two main schemes.
11. Significant numbers of past and present coal industry employees are members or beneficiaries of a number of other coal industry pension schemes in relation to which British Coal has certain obligations. Some are also members or beneficiaries of one or

other of the two main schemes. Information on these other pension schemes is set out in part 1 of the Appendix to this paper. British Coal is also responsible for a number of further arrangements for pensioners and employees and the main such arrangements are listed in part 2 of the Appendix to this paper. Technically these further arrangements are not pension schemes, since their benefits are not of a type which can be provided by an Inland Revenue approved pension scheme.

12. Proposals as regards all the schemes and arrangements described in the Appendix to this paper are being considered separately and are not included in the paper.

Funding and benefits

13. The MPS and the SSS are “defined benefit” schemes, providing benefits based on an employee’s earnings and length of service. There are actuarial valuations of each scheme every three years. Following the valuations, total “standard contribution” rates are recommended by the actuary so as to match future contributions with the projected cost of pension entitlements for future service. The actuarial valuation also includes a projection of the cost of pension entitlements based on service up to the date of the valuation, and a comparison with the scheme’s assets (including projected returns from the assets). Where the actuarial valuation of the assets is less than the projected cost of past service pension entitlements, British Coal is responsible for paying extra contributions (“deficiency contributions”) to clear the deficit. Where the assets exceed past service pension liabilities, the surplus may be used to pay for various improvements to pensions and to other scheme benefits and to allow contribution holidays or reductions for employees and for British Coal, subject to the rules of the schemes.
14. The SSS and the MPS contain different provisions for dealing with surpluses. The SSS provides for surpluses to be split 50/50 between the members and beneficiaries on the one hand, and the principal employer on the other. There is no equivalent provision in the MPS, where the application of surpluses is resolved by voting in its Rules Amendment Committee (see below).
15. As a result of recent valuation surpluses British Coal has paid no standard contributions to the SSS since 1987 and none to the MPS since 1990. The surpluses have also enabled the two schemes to provide substantial benefit increases for members.
16. In addition to standard and deficiency contributions, the schemes provide for British Coal to pay “additional contributions” to meet the cost of early and/or enhanced pensions paid by the schemes at British Coal’s request to members made redundant. Additional contributions are paid to the schemes in annual instalments, including allowances for interest, over a ten year period. Most of the cost to British Coal of the additional contributions is reimbursed by the Government. To the extent that additional contributions remain due from British Coal after privatisation, the Government will assume responsibility for their payment.

Constitution and management

17. The MPS and the SSS are administered as trusts. The MPS is administered by a Committee of Management which has ten members – five are appointed by British Coal and five by eligible trade unions. The SSS’s trustee is a company with a board of

eight directors, four of whom are appointed by British Coal and four by the unions. The Chairman of the SSS Board of Directors, who is appointed by British Coal, has a casting vote, but no casting vote is exercisable by the Chairman of the MPS Committee (who is also a British Coal appointee). In each scheme, the trustees have overall responsibility for the security of the scheme's assets, for investment of those assets, for the exercise of certain discretions as regards pensions payable under the scheme's rules and, generally, for the operation of the scheme in compliance with its rules and in the best interests of its beneficiaries. Further protection is provided for members of the main schemes by provisions in their rules which limit the changes which can be made to the scheme rules.

18. In the case of the SSS, British Coal has the power to amend the scheme rules, after consultation with the Committee of Management. The MPS has a Rules Amendment Committee. In both main schemes there are restrictions on permissible amendments, to protect members and beneficiaries. In particular, neither scheme permits amendments which would reduce benefits already accrued, or which would have the effect of allowing payments to be made out of the funds to the principal employer, British Coal.
19. Management of the assets of the MPS and the SSS is undertaken by a wholly owned subsidiary of British Coal, CIN Management Limited ("CINMAN"). The management of assets by CINMAN is subject to overall direction of investment strategy by the trustees, who approve investment plans. Pension payments are made from British Coal's Pensions and Insurance Centre at Sheffield.

FUTURE COAL PENSION ARRANGEMENTS

Objectives

20. The Government made clear in the White Paper, and has reaffirmed to Parliament on a number of occasions, that it would ensure that the pension entitlements of existing and past employees of British Coal are safeguarded. The pension arrangements for continuing employees will need to be framed so that they do not deter mobility of labour nor restrict the competitiveness of the new industry, and they should accord with good pensions practice. The arrangements will need to be flexible in order to meet whatever employment circumstances will apply in the privatised industry.

Pension arrangements in other privatisations

21. Pension arrangements after previous privatisations have varied considerably, depending on the particular circumstances. In many previous cases, where privatisation was carried out on a unitary basis (e.g. British Airways, British Telecom and British Gas), it was possible for the existing scheme to be continued, although in certain cases that scheme was closed to new entrants, for whom a separate new scheme was created. In the case of the water industry, new "mirror image" schemes were created for each water authority with benefits no less favourable than those in force, and transfer payments were made from the existing scheme to these new schemes (or to the alternative pension schemes which were also offered to water employees at that time). For the electricity supply industry, the existing scheme was converted into a centralised industry-wide scheme to which all successor companies were required to contribute.
22. The Government's proposals for the privatisation of British Rail include separate arrangements to protect the respective interests of pensioners and employees. Employees continuing in the industry would have protected status within an industry-wide scheme and there would be a closed scheme for pensioners and deferred pensioners.

Structure of the privatised coal industry

23. No decisions on the form and structure of the privatisation of the coal industry have yet been taken. The pensions proposals will therefore have to be applicable to a wide range of outcomes.

Membership profiles of existing schemes

24. The present proposals take account of the distinctive features of the main coal industry schemes, and in particular the marked imbalances in both schemes between numbers of contributing employees and pensioners (current and deferred). This has led the Government to conclude that after privatisation it would not be appropriate for contributing employees to continue in the same schemes as pensioners and deferred pensioners. Different investment priorities can apply to protecting the interests of pensioners and deferred pensioners as compared to those of employees. Nor is there any reason to involve the new employers in schemes for existing

pensioners and deferred pensioners. The proposals set out in this paper are therefore framed so as to provide separate arrangements for pensioners (current and deferred) and contributing employees.

Proposals for pensioners and deferred pensioners

25. The Government proposes the following alternatives for the arrangements for pensioners and deferred pensioners (who in this context include dependants). Views on these alternatives will be particularly welcomed (see paragraph 38).

(a) An appropriate proportion of the assets of the fund of each main scheme would be set aside as a closed scheme to provide for the liabilities in respect of pensioners and deferred pensioners. In relation to each of these closed schemes, the Government would:

- guarantee the provision for pensioners and deferred pensioners of RPI-linked pensions by reference to their level at privatisation and guarantee the solvency of the closed schemes on that basis;
- share in any surpluses arising with the beneficiaries of the schemes on an equitable basis;
- need to be able to ensure, as guarantor, that the strategic investment policy and other major management decisions of the schemes protect the taxpayer, as well as the beneficiaries, from unnecessary risk.

(b) An appropriate proportion of the assets of the fund of each main scheme would be set aside as a closed scheme to provide for the liabilities in respect of pensioners and deferred pensioners. There would be no undertaking from the Government to maintain the solvency of either of these closed schemes. Pensioners would therefore depend for their security on the future investment performance of the funds. However, any future valuation surpluses would not be shared and would be available for benefit improvements.

26. Under both of these alternatives, individual deferred pensioners would be able to exercise their statutory right to transfer their pension entitlements to another approved scheme, such as their present employer's pension scheme (if its rules provide for it to accept such transfers), or a personal pension scheme. Pensions law prevents any equivalent option being made available to pensioners.

Proposals for employees

27. The Government considers that the entitlements and interests of British Coal employees who are transferred to successor companies during privatisation would be best protected by creating new schemes within which they would have protected status. The main features of the proposals for contributing employees are as follows.

(a) Protected status

Two new pension schemes would be established, each to follow on from one of the existing main schemes. Each of these new schemes would be required by statutory regulations to provide the same package of benefits for past and

future service as the corresponding existing main scheme. The new schemes would contain additional protective measures regarding their future maintenance and restrictions as to their membership and the use of surpluses, as explained further below.

(b) **Industry-wide schemes**

The new schemes would operate on an industry-wide basis. All the new employers of protected employees would be required to participate in the schemes in respect of their protected employees.

(c) **Future service options**

Continuing employees would have certain options as follows:

- to join an industry-wide scheme;
- to take out personal pension schemes (but employers would only contribute to these subject to the terms of employment);
- to join another pension scheme which may be operated by their employer, depending on the terms of that scheme.

If employees choose to join schemes operated by their employers other than the industry-wide schemes, they will lose protected status.

(d) **Options for past service entitlements of continuing employees**

The past service entitlements of an employee who joins an industry-wide scheme would be transferred to that scheme. The employee could opt to transfer his past service entitlements to a personal pension scheme. Employees who choose to join another pension scheme operated by their post-privatisation employer could opt to transfer their past service entitlements to that scheme.

(e) **Membership**

British Coal employees who are contributing members of the main schemes up to privatisation and who continue to be employed in the coal industry after privatisation will have the right to join one or other of the new industry-wide schemes, with protected status within those schemes. Under these proposals no-one else would gain the right to join the industry-wide schemes. Employees could continue as contributing members of the industry-wide schemes only while they were employed in the coal industry. Employees would be able to transfer between the industry-wide schemes when transfer was appropriate following re-grading, without loss of protected status.

Certain others employed in the coal industry after privatisation could join an industry-wide scheme, but only if permitted by their terms of employment after privatisation, as follows:

- contributing members of the main schemes at the time of privatisation who are not British Coal employees (paragraph 9). At present most of these other contributing members are employees at pits licensed under Section 36 of the Coal Industry Act 1946;
- deferred pensioners of the main schemes who return to coal industry employment with a participating employer after privatisation;
- any contributing member of an industry-wide scheme who left, and later returned to, employment with a participating employer.

28. Certain other aspects of the arrangements proposed for employees are as follows:

(a) **Surpluses and deficits**

Employers would have responsibilities for the new industry-wide schemes for as long as the schemes included any protected members or beneficiaries. The employers would be responsible for making good any deficits arising on subsequent actuarial valuations of the schemes. They would be entitled to share in surpluses arising in future in the schemes, but only by way of contributions holidays, and they would not be able to withdraw assets from the schemes.

(b) **Unitisation**

Separate records would be kept for the parts of the industry-wide schemes relating to each employer. The assets of the schemes would be unitised and units would be allocated to each employer's parts of the schemes. Actuarial valuations of each employer's part of each scheme would be made periodically.

(c) **Broken service**

When an employee moves from one employer to another, he can suffer a reduction in his pension expectations even if the two employers' schemes are identical and there is no change in his earnings. The Government intends that where a change of employment is involuntary, due to corporate reorganisation during the privatisation or later, employees will be protected against the effects of broken service, as has been done in previous privatisations. Protected employees should thus suffer no loss in their pension entitlements on any compulsory transfers within the coal industry.

If an employee leaves voluntarily to go to another employer, there is less justification for a special arrangement. Employees moving between employers who participate in the new industry-wide pension schemes may be able to maintain continuous service, but this will depend on the terms of their employment after such a move.

(d) **New employees**

The Government considers that it should be up to each post-privatisation employer to decide what arrangements to make for employees new to the coal

industry. The employer may already have a pension scheme suitable for them, or may create entirely new pension arrangements. The Government has no plans to introduce any proposals regarding new employees.

Trustee structure

29. The trustee structures for industry-wide schemes and for the alternative schemes for pensioners and deferred pensioners will need careful consideration. The trustee structures for the industry-wide schemes will need to reflect an appropriate balance between members and participating employers. The trustee structures for the industry-wide schemes and for the alternative schemes for pensioners and deferred pensioners are a particularly important aspect of the future arrangements and views are invited as to the appropriate structure and composition of the trustee bodies.

Division of assets

30. It is clearly an important issue as to how the assets, including surplus funds, of the existing schemes are to be divided. The Government will need to be satisfied, after consultation with the scheme trustees and other interested parties, that the allocation strikes a fair balance between the interests of beneficiaries (that is, contributing members, pensioners, deferred pensioners and their dependants), current and prospective employers, and, where the Government is guarantor, the taxpayer.

Transfer values

31. Bases will need to be established for calculating values for transfer of past service entitlements of contributing employees to the industry-wide schemes or to alternative pension schemes (see paragraph 27(d)). Calculation of transfer values for existing deferred pensioners will also require careful consideration.

Use of annuities

32. One option which the Government has considered would be to wind up the two main schemes and use their assets to purchase annuities to secure pensioners' entitlements. This option has been rejected because the main schemes are so large that it is unlikely that annuities would be available on terms providing good value for pensioners.

Legislation

33. The Government intends to take powers for the Secretary of State to make statutory regulations to amend the rules of the MPS and the SSS in order to facilitate the new arrangements proposed above, and (subject to Inland Revenue approval) to permit the creation of any new schemes required. The regulations granting these powers will include mechanisms to protect existing accrued rights.

Scheme rules and provisions

34. There will inevitably have to be certain differences between the rules of the post-privatisation pension schemes and those of the present schemes, not-least because British Coal's role as principal employer will end. The Government believes that it is important, however, that the rules of the successor schemes should mirror those of the present schemes as far as is appropriate.

Asset security

35. The Government is determined to ensure that the assets of the British Coal pension schemes to be held by the successor schemes will be managed responsibly with due regard to the interests of the beneficiaries. Trusteeship and management arrangements will need to recognise this objective.

Pension Law Review Committee

36. The Government has established the Pension Law Review Committee, chaired by Professor Goode, to review and make recommendations on the framework of law and regulation for occupational pension schemes, taking into account the rights and interests of scheme members, pensioners and employers. This committee is due to report no later than 30 September 1993 and account will be taken of its recommendations. The rules of governance for successor coal industry pension schemes must be developed to provide appropriate protection for scheme members.



SUMMARY

37. This document presents, as a basis for consultation with interested parties, the Government's proposals for coal industry pensions after privatisation. Views would be welcomed on all aspects of the proposals, and particularly on the following:
- (a) the alternative schemes for pensioners and deferred pensioners (paragraphs 25 and 26);
 - (b) the proposal to establish new industry-wide schemes for transferred employees (paragraphs 27 and 28);
 - (c) trustee arrangements for the new schemes (paragraph 29).
38. Comments should be sent by 31 October 1993 to Alan Proud, Coal Division, Department of Trade and Industry, Room 4-4-12, 1 Palace Street, London SW1E 5HE (Fax 071-238-3064). Further copies of this paper are available from this address.



APPENDIX

OTHER PENSION SCHEMES AND BENEFIT ARRANGEMENTS

Part 1 of this Appendix lists the pension schemes, other than the MPS and the SSS, in respect of which British Coal has informed the Government that the Corporation is involved. Brief details are given about the nature and membership of each scheme, based on information supplied by British Coal.

Part 2 of this Appendix lists the principal benefit arrangements, other than pension schemes, for employees and pensioners with which British Coal is involved.

PART 1: PENSION SCHEMES OTHER THAN THE MPS AND THE SSS

A. FUNDED PENSION SCHEMES

A.1 The Nottinghamshire and District Miners' Pension Scheme (established 1939)

This scheme relates to arrangements first put in place before the coal industry was nationalised and provides top-up pensions for colliery employees in the Nottinghamshire Wages District. British Coal contributes to the scheme but does not guarantee to maintain its solvency.

At 30 June 1993, the scheme's membership was as follows:

Contributing employees	4,962
Pensioners	9,876
Deferred pensioners	2,512

A.2 The Coal Mining Contractors' Pension Scheme (established 1978)

The contributory members of this scheme are employees of certain of British Coal's contractors. British Coal contributes to the scheme on behalf of the employers and indemnifies them in respect of their guarantees to maintain its solvency.

At 30 June 1993 the scheme's membership was as follows:

Contributing employees	948
Pensioners	807
Deferred pensioners	2,464

A.3 British Fuels Limited Pension Scheme (established 1989)

British Fuels Limited ("BFL") is a wholly-owned subsidiary of British Coal. BFL operates a funded pension scheme which is open to all BFL employees working over 16 hours per week. The scheme is contributory and is contracted out of the State Earnings Related Pension Scheme. BFL guarantees its solvency.

At 5 April 1993 the scheme's membership was as follows:

Contributing employees	1,321
Pensioners	182
Deferred pensioners	253

A.4 Coal Utilisation Council Pension Scheme (established 1949)

This is an insured scheme whose contributing members are employees of the Approved Coal Merchants Scheme, a coal retail organisation sponsored by British Coal.

British Coal has no responsibility for this pension scheme other than to provide assistance with its administration.

At 30 June 1993 the scheme's membership was as follows:

Contributing employees	1
Pensioners	108
Deferred pensioners	9

A.5 Solid Smokeless Fuels Federation Pension Scheme (established 1961)

This is an insured scheme, administered by the Commercial Union Life Assurance Company. The trustee of the scheme is the British Coal Corporation and the contributing members are employees of the Solid Smokeless Fuels Federation. The Federation is funded by manufacturers of solid smokeless fuels, including British Coal. The scheme is contributory, with the Federation paying the balance of the cost, and it is contracted out of SERPS.

At 1 April 1993 there were 10 contributing members and 17 deferred pensioners.

A.6 Coal Advisory Service Contributory Pension & Life Assurance Scheme (established 1973)

The contributing members of the scheme are employees of the Coal Advisory Service ("CAS"), an organisation funded jointly by British Coal and the Northern Ireland Coal Importers Association. The scheme is contributory, with CAS paying the balance of cost, and it is contracted out of SERPS.

At 1 July 1992 there were 119 contributing members and 37 deferred pensioners.

B. UNFUNDED PENSION SCHEMES

B.1 The 1975 Ex-Gratia Pension Increase Scheme

Pensions paid to members of the SSS were adjusted for inflation in 1975 by reference to an earnings index rather than by reference to RPI, which had increased by 2.7% less than the earnings index. Inland Revenue restrictions prevent this one-off pensions increase being paid by the SSS. Accordingly, British Coal meets the cost through this scheme. At 31 March 1993 there were 19,662 pensioners in receipt of these ex-gratia payments.

B.2 The Ex-Gratia Pension Make-up Scheme

This is a scheme through which British Coal pays additional pensions up to state pension age to staff who retire early due to redundancy and who have relatively short periods of pensionable service within the SSS.

At 31 March 1993 there were 1,438 SSS pensioners whose pensions were being augmented through this scheme.

B.3 The Point-to-Point Supplement Scheme

This scheme was established for SSS members to correct an anomaly affecting management retirees in the period 1 January 1980 to 31 December 1981. The supplements are paid by British Coal and reflect differences between actual salaries and pensionable earnings, which were out of line in this period after revisions to the salary structure.

At 31 March 1993 there were 842 SSS pensioners who were receiving this supplement.

B.4 Scientists' Pension Scheme (Supplementary Arrangements)

These arrangements were established for certain technical staff who had been members of the Federated Superannuation Scheme for Universities ("FSSU") before coal industry nationalisation. A superannuation scheme for scientists was established in 1947 for ex-FSSU members who opted not to join the SSS. Through these supplementary arrangements, British Coal augments pensions from the Scientists' Scheme so as to provide cost of living increases equivalent to those provided by the SSS.

At 31 March 1993 there were 12 pensioners in this scheme and no contributing members.

B.5 "By Analogy" Pension Scheme

Certain former members of British Coal (i.e. certain former Board members) were not eligible for membership of the SSS, because they had been appointed to the Corporation from outside the coal industry. Through this scheme, British Coal pays pensions calculated as if they had been members of the SSS.

At 31 March 1993 there were six pensioners and one deferred pensioner.

B.6 Voluntary Early Retirement Schemes

These schemes provide pension supplements for former British Coal employees who retired before their normal retirement age. The schemes were closed with effect from 30 November 1990. There were 16 remaining beneficiaries at 30 June 1993, and the final benefits will be paid in May 1995.

British Coal pays the benefits provided under these schemes. All but one of the beneficiaries are former employees of "small mine" licensees. British Coal recovers the licensees' share of the cost of the scheme via a levy on the coal produced from small mines.

PART 2: OTHER BENEFIT SCHEMES AND ARRANGEMENTS

1. Concessionary Fuel

This scheme makes free supplies of coal or smokeless fuel or, in some circumstances, pays cash in lieu of fuel to certain employees and ex-employees of British Coal, and to their widows and certain other dependants. The cost is met by British Coal. The scheme also includes small numbers of other current and former coal industry employees, their dependants, and a coal industry convalescent home. The costs attributable to these other beneficiaries are recharged to other employers as appropriate. At 31 March 1993 approximately 31,900 employees and 205,700 others were receiving fuel or cash under the scheme.

2. Coal Industry Social Welfare Organisation ("CISWO")

CISWO is the principal organisation among a number of coal industry social welfare bodies. It is largely funded by British Coal. CISWO administers and funds coal industry social welfare programmes, providing benefits and services to disadvantaged and disabled employees and ex-employees, and gives support to area and local welfare trusts.

3. Pneumoconiosis Compensation Scheme

This scheme provides lump sum or weekly payments to former coal industry employees who have contracted pneumoconiosis. 866 lump sum payments were made in the year ended 31 March 1993 and at that date approximately 350 persons were receiving weekly payments under this scheme.

4. Health Care Scheme

This is a health care insurance plan for certain senior staff of British Coal, also providing personal accident and death benefit cover. British Coal pays the premiums. Approximately 170 persons are presently covered under the scheme.

5. Workmen's Compensation Act Schemes

British Coal has a continuing liability under the Workmen's Compensation Acts 1925 to 1945, in respect of death or injury from diseases contracted or accidents occurring prior to 5 July 1948 and arising from service in the coal industry. Through these schemes, British Coal at present pays benefits in relation to this liability, and certain supplemental benefits, to approximately 1,200 people.

6. Industrial Death and Retirement Scheme

This scheme was established in 1970 to pay supplementary pensions, death benefits and other benefits to certain industrial staff and supervisory employees or their dependants. Pensions are paid to employees retiring through ill health with certain qualifying levels of disability.

The scheme is funded by equal employee and employer contributions. At 24 July 1993 approximately 3,510 employees were contributing to the scheme. 140 persons were receiving weekly benefits at 31 March 1993.

7. Senior Staff Industrial Injuries Scheme

Under this scheme, British Coal provides supplements to State benefits for non-industrial staff in respect of industrial injury and disease. No new awards have been made since 1983 and there are now 29 beneficiaries.

8. Redundant Mineworkers Payment Scheme and Redundant Cokeworkers Payments Scheme

These schemes provide certain statutory benefits which are funded by the Government. British Coal has no responsibility for this scheme other than to provide assistance with its administration and in making payments on an agency basis for the Government.